

**Health Services  
and  
Development Agency  
Minutes**

**April 28, 2004**

## **AGENCY MEMBERS PRESENT**

Gene Caldwell, M.D., Chair  
Subhi Ali, M.D.  
Bryan Atchley  
Greg Duckett, Esq.  
Carl Koella, III  
E. Conrad Shackelford, M.D., designee for the TennCare Director  
Kristin Coile, designee for the Commissioner of Commerce & Insurance  
Faye Weaver, designee for the Comptroller of the Treasury

## **AGENCY MEMBERS ABSENT**

Cheryl Cunningham, Vice Chair

## **AGENCY STAFF PRESENT**

Melanie Hill, Executive Director  
Mark Farber, Assistant Director  
Reid Brogden, General Counsel  
Jim Christoffersen, Deputy General Counsel  
Rhonda Blair, Office Manager  
Melissa Bobbitt, Administrative Services Assistant II  
Jeff Grimm, Health Planner III  
Phil Wells, Health Planner III

## **GUESTS PRESENT**

Jerry W. Taylor, Esq., Farris, Matthews, Branan, Bobango, Hellen & Dunlap  
Byron Trauger, Esq., Trauger, Ney & Tuke  
John L. Wellborn, Development Support Group  
Dan H. Elrod, Esq., Miller & Martin  
E. Graham Baker, Esq., Weeks, Anderson & Baker  
Warren L. Gooch, Esq., Kramer, Rayson, Leake, Rodgers & Morgan  
Kim H. Looney, Esq., Stokes, Bartholomew, Evans & Petree  
William H. West, Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
Michael Moscardelli, Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
Richard G. Cowart, Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
Hon. Phillip Johnson, State Representative  
Hon. Glen Casada, State Representative  
Houston Naron, Jr., Williamson County Commissioner  
Tom Moon, Williamson County Commissioner  
Steve Taylor, Department of Health  
Anita Appleton, Trauger, Ney & Tuke  
Chris Puri, THCA  
Mike Ussery, Senior Vice President, NHC  
Bruce Duncan, Assistant Vice President, NHC  
Dere Brown, NHC  
Jim Bailey, Senior Vice President and Secretary, Johnson & Bailey  
Patricia Sherman, President, Unity Hospice Care  
Mike Touchet, CFO, Unity Hospice Care  
Janet Rosta, Hospice Director, Baptist TrinityHomeCare & Hospice  
JoAnn Anderson, Director, Baptist Tipton HomeCare & Hospice  
Dr. Chip Kyle, Diagnostic Radiology of Cleveland  
Joe Busch, Diagnostic Radiology of Cleveland  
Lebron Lackey, M.D., Cleveland Radiology Associates  
Jim Coleman, Cleveland Community Hospital  
H. Alan Watson, CEO, Bradley Memorial Hospital  
John Workman, Athens Regional Medical Center

Andrew Collignon, Planner with META Associates  
Charles H. Whitfield, Jr., President/CEO, Laughlin Memorial Hospital  
Sean Keyser, Healthcare Management Directions, Inc.  
David Joiner, President & CEO, Healthcare Management Directions, Inc.  
Tim Park, Vice President, Healthcare Management Directions  
Robert A. Frist, Healthcare Management Directions, Inc.  
Doug Smith, Chairman, Healthcare Management Directions, Inc.  
Margaret C. Mazzone, Chief Administrative Officer, Healthcare Management Directions  
Terry Bryant, Chief Financial Officer, Healthcare Management Directions  
Scott Jonson, Healthcare Management Directions, Inc.  
J. Jeffrey Adams, Healthcare Management Directions, Inc.  
Dr. Jeff Bennie  
Orin Crouch, Vice President, Finance & Administration, M. Lee Smith Publishers, LLC  
Wayne Tomlinson, President, Wayne Tomlinson & Associates  
Mike Huff, Robins Insurance Agency  
David Martin  
Lydia Kingsborough  
Teresa Harwood  
Elizabeth Harwood  
Charles Anderson  
Becky Coward  
Paul Willson, Executive Director, Brighton Gardens of Brentwood  
Claude B. Minor, Jr., M.D., Monroe Surgical Hospital  
Barry W. Brasfield, M.D., Anesthesia Services of Middle Tennessee, PLLC  
Paul Ross, Realtor, Realty Executives Fine Homes  
Michael Carter, President/CEO, Athen Health Club & Day Spa  
William H. Edwards, Jr., M.D., The Surgical Clinic/HMD  
Lucius W. Carroll, II, CEO, L.W. Carroll Company  
Krystal Roark  
David Huddleston  
Alice Breuer  
Amy Green  
Marshall Shumate  
Arthur A. Bartleson  
Dennis Miller, CEO, Williamson Medical Center  
Douglas C. York, M.D., Williamson Medical Center  
Winston Griner, M.D., Cool Springs Pain Control  
Innis Capers, Southern Hills Medical Center  
Larry Kloess, CEO, Centennial Medical Center  
Cassandra Beling, Weigh Down  
Michael Beiling, Weigh Down  
Anne Samples  
Kristen Ridley, Williamson Medical Center  
Arthur Grananetti, HCA/Southern Hills  
Andrew Eddin, President, Volunteer Hospice  
Kelly Everitt, Volunteer Hospice  
Betsy Beauchamp, Tennessee Quality Hospice  
Ginny Peebles, Tennessee Quality Hospice  
Richard Gregory, Tennessee Quality Hospice  
Norman McRae, President, Caris Healthcare  
Dorothy Peters, Administrator, Mercy Hospice  
Dr. Robert J. Bertoli, University of Tennessee Medical Center  
Dr. William E. Snyder, Jr., Neurosurgical Associates  
Roy Marshall, Administrator, Southeastern Neurological Physicians  
Dr. R. Stephen Williams, Southeastern Neurological Physicians  
Dr. Darrell Thomas, Knoxville Neurology Specialist  
Dr. David Forsberg, Vista Radiology  
Dr. Fred McLean, Vista Radiology  
Jeremy Biggs, St. Mary's Health System  
Charles McRae, CFO/Administrator, Vista Radiology  
John Simmons, M.D., President, Abercrombie Radiology  
J. Liz Williams, CPA, Strategic Practice Partners, Inc.

Mike Richardson, Covenant Health Services  
Laurie Halsey, Covenant Health Services  
Phyllis Shnider, Director of Radiology, covenant Health  
Barbara Houchin, St. Thomas Hospital System  
Ronald Hill, Vanderbilt Medical Center  
Jeffrey Potter, PYA  
Feleecia Taylor, NGS  
Jean Harrison, Crossroads Hospice  
Vicki Noble, Crossroads Hospice  
Dewayne Belew, Bradley Memorial Hospital  
Robin Coates, Memorial Hospital  
Troy Clark, Wellmont  
John Sylvia, Baptist Health System – East Tennessee  
S. Heath, Stallworth  
Rose Grindstaff  
Jeff Ockerman

**Chairman Caldwell called the meeting to order at 8:30 a.m. in the Main Auditorium of the Bell South Tower, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements.

### **EMERGENCY RULE DISCUSSION**

Dr. Caldwell asked Members to make suggestions to staff on what should be included in the rules. Mr. Duckett suggested a minimum notice period, absent exceptional circumstances, prior to the application being approved. Mr. Duckett also suggested that the Notice be posted on the HSDA Website. Mr. Koella suggested that there be two (2) sets of procedures: one with a period of five (5) to seven (7) days, and one with the flexibility of acting within one (1) to two (2) days. Ms. Weaver suggested that “emergency” be defined, which Dr. Caldwell suggested may be both difficult to do and might box-in the Chair and Vice-Chair; and Mr. Brogden added that the staff would appreciate any suggestions from the members. The Members agreed that any notification be done in writing as well as e-mail.

### **CONSENT CALENDAR:**

*Melanie Hill summarized the following CON applications:*

### **Asbury Place at Johnson City - (Johnson City, Washington County) - Project No. CN0402-015**

The construction of an eighty-four (84) bed partial replacement facility to be located on the site of, and be physically connected to, the existing nursing facility at 400 North Boone Street, Johnson City (Washington County), Tennessee, 37604. The facility is currently licensed for one hundred sixty-eight (168) beds. Eighty-four (84) of the beds in the existing facility will be taken out of service and the remaining eighty-four (84) beds will continue to be operated in the existing facility. The licensed bed complement will not change. Project Cost \$4,690,000.00.

Jerry W. Taylor, Esq. representing the applicant, addressed the Agency.

Mr. Koella moved for approval of the project based on: 1) Need – There is clearly a need for more facilities with sprinklers in this State ; 2) Economic Feasibility – The project is economically feasible through tax exempt bonds and operating revenue; and 3) The project does contribute to the orderly development of adequate and effective health care and the licenses are in place. Ms. Weaver proposed a friendly amendment to the motion to include a **CONDITION** that the applicant notify the Agency of use of vacated space upon completion of project, which friendly amendment was accepted. Dr. Shackelford seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Duckett, Shackelford, Coile, Weaver, Caldwell  
NAY: None

**NHC HealthCare, Nashville - (Nashville, Davidson County) - Project No. CN0402-014**

The construction of a nursing home replacement facility on the existing site at 2215 Patterson Street in Nashville (Davidson County), TN. The center will be comprised of the existing licensed one hundred twenty-four (124) dually certified nursing home beds. Project Cost \$10,060,500.00.

Dan Elrod Esq. representing the applicant, addressed the Agency.

Mr. Koella moved for approval of the project based on: 1) Need – There is a need for a replacement facility for the existing licensed 124 beds; 2) Economic Feasibility – The project is economically feasible through a commercial lease; and 3) The project does contribute to the orderly development of adequate and effective health care and the license is correct. Dr. Shackelford seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Duckett, Shackelford, Coile, Weaver, Caldwell  
NAY: None

**CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

**Unity Hospice Care - (Memphis, Shelby County) - Project No. CN0311-100**

The establishment of a home care organization providing hospice services to the counties of Shelby, Fayette and Tipton. The office will be located in leased space at 9057 Valley Crest Lane, Suite 102, Memphis, Tennessee. Project Cost \$59,500.00.

Byron Trauger, Esq. representing the applicant, addressed the Agency. Patricia Sherman, President of Unity Hospice Care spoke on behalf of the project. John Wellborn, Consultant and Mike Touchet, CFO of Unity Hospice Care were present in support of the project.

Jerry Taylor, Esq. representing Crossroad Hospice and Odyssey Hospice and Dan Elrod, Esq. representing Baptist Trinity HomeCare and Hospice and Baptist Tipton HomeCare & Hospice opposed the project. Janet Rosta, Director of Baptist Trinity HomeCare and Hospice and JoAnn M. Anderson, Director of Baptist Tipton HomeCare Hospice spoke in opposition of the project.

Byron Trauger, Esq. rebutted.

*First Motion:*

Ms. Coile moved for approval of the project based on: 1) Need – There is a need based on the projected growth; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care and would serve the TennCare population that is not currently being served. Ms. Weaver seconded the motion. The motion FAILED [3-4-0].

AYE: Ali, Coile, Caldwell  
NAY: Koella, Shackelford, Weaver, Atcheley  
RECUSED: Duckett

*Second Motion:*

Mr Koella moved for denial of the project based on: 1) Need – This application does not meet the need requirement. 2) Economic Feasibility – N/A; and 3) The project does not contribute to the orderly development of adequate and effective health care in that existing providers are providing quality care. Mr. Atchley seconded the motion. The motion CARRIED [4-3-0]. **DENIED**

AYE: Koella, Shackelford, Weaver, Atcheley

NAY: Ali, Coile, Caldwell

RECUSED: Duckett

**Jackson-Madison County General Hospital - (Jackson, Madison County) - Project No. CN0312-117**

The acquisition of a magnetic resonance imaging 3.0 Tesla unit in Jackson-Madison County General Hospital located at 708 West Forest Avenue, Jackson (Madison County), TN. The MRI will be located in 1,300 square feet of renovated space on the first floor of the hospital. The project does not involve any changes to the hospital bed complement. Project Cost \$\$\$3,679,993.00.

**WITHDRAWN**

**Cleveland Open MRI, LLC - (Bradley, Cleveland County) - Project No. CN0312-121**

The establishment of an outpatient diagnostic center (ODC), and the initiation of magnetic resonance imaging (MRI) services. The facility will be located at 201 Keith Street, S.W., Cleveland, TN 37311. Major medical equipment to be acquired is an open MRI unit. No inpatient beds are involved in this project and licensure is not required for this facility. Project Cost \$1,721,985.00.

Jerry W. Taylor, Esq. representing the applicant, addressed the Agency. Dr. Chip Kyle of Diagnostic Radiology of Cleveland spoke on behalf of the project.

Dan Elrod, Esq. representing Bradley Memorial Hospital and Dr. Lebron Lakey representing Cleveland Radiology Associates spoke in opposition of the project. H. Alan Watson, CEO of Bradley Memorial Hospital spoke in opposition of the project.

Jerry W. Taylor, Esq. rebutted.

Mr. Duckett moved for denial of the project based on: 1) Need – There is existing capacity to meet the needs in the service area; 2) Economic Feasibility – Not an issue; and 3) The project does not contribute to the orderly development of adequate and effective health care due to its potential adverse impact on the existing providers in the service area. Mr. Atchley seconded the motion. The motion CARRIED [7-0-1]. **DENIED**

AYE: Ali, Atchley, Koella, Duckett, Shackelford, Weaver, Caldwell

NAY: None

ABSTAINED: Coile

Ms. Coile and Mr. Duckett recused themselves before the Agency's consideration of the following application:

**Athens Regional PET Imaging Center - (Athens, McMinn County) - Project No. CN0401-005**

The initiation of a combination mobile positron emission tomography (PET)/computerized tomography (CT) service for one day per week under the licensure and on the campus of Athens Regional Medical Center. Project Cost \$547,721.00.

John Workman, Athens Regional Medical Center addressed the Agency on behalf of the applicant. John Wellborn, Consultant, spoke on behalf of the project.

Mr. Koella moved for approval of the project based on: 1) Need – It does meet the need in the area by being a mobile unit that is efficient; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care, licensing is appropriate and they are a strong TennCare provider. Dr. Ali seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Shackelford, Weaver, Caldwell

NAY: None

**Hospice of Chattanooga - (Chattanooga, Hamilton County) - Project No. CN0312-107**

The establishment of a home health agency and the initiation of home health services limited to consultative disease management program services for residents currently served by Hospice of

Chattanooga in the following counties: Hamilton, Grundy, Sequatchie, Marion, Rhea and Meigs. The parent office will be located in approximately 501 square feet of existing office space at 4355 Highway 58, Suite 101, Chattanooga (Hamilton County), Tennessee. Project Cost \$53,044.00.

**VOID**

***Mr. Duckett left the meeting.***

*Melanie Hill summarized the following CON applications:*

**Laughlin Memorial Hospital, Inc. - (Greeneville, Greene County) - Project No. CN0401-001**

The construction of an addition to Laughlin Memorial Hospital for an outpatient diagnostic imaging center (ODC) and the expansion of the existing surgical suites. Existing diagnostic services will be relocated to the proposed addition. The existing surgical suites will be expanded to facilitate additional support space, three (3) operating rooms, and the initiation of diagnostic cardiac catheterization services. All services will continue to be provided under the hospital's license. Project Cost \$18,652,975.00.

Andrew Collignon, Planner with META Associates representing the applicant, addressed the Agency. Charles H. Whitfield, Jr., President/CEO of Laughlin Memorial Hospital spoke on behalf of the project.

Mr. Koella moved for approval of the project based on: 1) Need – The need is clear in a growing community for constant effective expansion and efficiency; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care, licensing is appropriate and they are a good TennCare provider. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Shackelford, Coile, Weaver, Caldwell

NAY: None

**Brentwood Community Hospital - (Brentwood, Williamson County) - Project No. CN0311-103**

The establishment of a forty (40) bed community hospital with twenty-four (24) medical inpatient beds, twelve (12) surgical inpatient beds and four (4) critical care beds. This project includes the acquisition of magnetic resonance imaging (MRI) and cardiac catheterization laboratory equipment and the initiation of MRI scanning and cardiac catheterization services. Project Cost \$42,673,850.00.

William West, Esq., representing the applicant, addressed the Agency. Doug Smith, Chairman of Healthcare Management Directions, Mike Huff of Robins Insurance Company, Charles B. Minor, Jr., M.D., Monroe Surgical Hospital, Sean L. Keyser of Healthcare Management Directions, Inc., and Dick Cowart, Member of Board of Health Management Directions, Paul Wilson, Executive Director of Brighton Gardens of Brentwood, Dr. Williams Edwards, Jr., Michael Carter, President/CEO, Athen Health Club and Day Spa, Dr. Barry W. Brasfield, Anesthesia Services of Middle Tennessee, Lydia Kingsborough, Becky Cowart, Teresa Harwood, Marshall Shumate, Orin Crouch, Vice President/Finance & Administration, M. Lee Smith Publishers, Paul Ross, Alice Breuer, Amy Green, Dr. Jeff Benny, Charles Anderson, David Huddleston, Lucius Carroll spoke in support of the project.

Dennis Miller, CEO, Dr. Douglas York and Graham Baker representing Williamson Medical Center, Jerry Taylor, Esq. representing Southern Hills Medical Center, Centennial Medical Center and Tri-Star Health System, Dan Elrod representing Baptist and St. Thomas Hospitals, Representative Phillip Johnson, Tom Moon, Williamson County Commission, Houston Naron, Jr., Chairman of Williamson County Commission, Krystal Roark, Dr. Winston Griner spoke in opposition of the project.

William West, Esq. rebutted.

Summation of opposition by Graham Baker, Esq., Jerry Taylor, Esq. and Dan Elrod, Esq.

Dr. Ali moved for denial of the project based on: 1) Need is not present. There are adequate facilities, primary and tertiary medical centers that take care of the needs of the proposed community and the surrounding servicing areas; 2) Economic Feasibility – Not an issue; and 3) The project does not



contribute to the orderly development of adequate and effective health care and would negatively affect the several projects that this Agency has previously approved. Dr. Shackelford seconded the motion. The motion CARRIED [7-0-0]. **DENIED**

AYE: Ali, Atchley, Koella, Shackelford, Coile, Weaver, Caldwell

NAY: None

**Volunteer Hospice - (Waynesboro, Wayne County) - Project No. CN0401-002**

The establishment of a home care organization limited to hospice services in the counties of Wayne, Hardin and Lawrence. The parent office will be located at 713 Hwy. 99 in Waynesboro (Wayne County), Tennessee. Project Cost \$155,000.00.

Andrew Eddin and Kelly Everitt addressed the Agency on behalf of the applicant.

Betsy Beauchamp, Director of Corporate Services of Tennessee Quality Hospice, Norman McRae, President of Caris Healthcare and Dorothy Peters, Administrator of Mercy Hospice spoke in opposition of the project.

Kelly Everitt rebutted.

Summation provided by Betsy Beauchamp, Norman McRae and Dorothy Peters.

Mr. Koella moved for approval of the project based on: 1) Need – The Wayne County Health Commission's recommendation shows there is a need and it is an under-provided service in reality, despite there being other authorized home care organizations; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care and expressed a willingness to take care of all the licensing and TennCare arrangements. Ms. Weaver seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Shackelford, Coile, Weaver, Caldwell

NAY: None

**Jefferson Memorial Hospital, Inc. - (Jefferson City, Jefferson County) - Project No. CN0401-003**

The initiation of mobile cardiac catheterization services for three (3) days per week at the hospital. Project Cost \$945,000.00.

**DEFERRED TO THE JUNE MEETING**

**Saint Mary's Medical Center of Campbell County, Inc. - (LaFollette, Campbell County) - Project No. CN0401-004**

The initiation of mobile cardiac catheterization services for two (2) days per week at the hospital. This FDA approved unit will be leased and operated under licensure of St. Mary's Health System. Project Cost \$630,000.00.

**DEFERRED TO THE JUNE MEETING**

**University of Tennessee Memorial Hospital - (Knoxville, Knox County) - Project No. CN0401-007**

The acquisition of a cyberknife stereotactic radiosurgery system. The equipment will be located in the Radiation Oncology Department at UPMC in Knoxville (Knox County), Tennessee and will operate under the hospital's licensure. Project Cost \$4,761,800.00.

Jerry W. Taylor, Esq., representing the applicant, and Dr. Robert J. Bertoli addressed the Agency on behalf of the applicant. Dr. William E. Snyder, Jr., spoke on behalf of the project.

Mr. Koella moved for approval of the project based on: 1) Need – The need is there for the new protocols of cancer treatment; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care, they are a strong TennCare provider and they are licensed appropriately. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Ali, Atchley, Koella, Shackelford, Coile, Weaver, Caldwell

NAY: None

***Ms. Coile recused herself before the Agency's consideration of the following application:***

**Southeastern Neurological Physicians, PLLC - (Knoxville, Knox County) - Project No. CN0401-008**

The establishment of a freestanding outpatient diagnostic center (ODC), the acquisition of magnetic resonance imaging (MRI) and computerized tomography (CT) scanners and initiation of MRI services. The ODC will be developed in 7,856 SF of existing space. Project Cost \$7,674,038.00.

E. Graham Baker, Esq. representing the applicant, and Dr. Stephen Williams addressed the Agency. Dr. Darrell Thomas with Knoxville Neurology Specialist spoke in support of the project.

Jerry Taylor, Esq., representing St. Mary's Health System, Dan Elrod, Esq., representing Covenant Health System, Warren Gooch, Esq., representing Baptist Health System, and Dr. Johnson spoke in opposition to the project.

E. Graham Baker rebutted.

Summation was provided by Dr. David Forsberg.

Mr. Koella moved for denial of the project based on: 1) Need – There are sufficient number of MRI's in Knox County; 2) Economic Feasibility – Not an issue; and 3) The project does not contribute to the orderly development of adequate and effective health care. Mr. Atchley seconded the motion. The motion CARRIED [5-0-1]. **DENIED**

AYE: Ali, Atchley, Koella, Shackelford, Caldwell

NAY: None

ABSTAINED: Weaver

**LEGISLATIVE UPDATE**

Reid Brogden, General Counsel, gave a brief update of bills that have been filed as they related to the Health Services and Development Agency and a brief update of the Health Services and Development Agency's audit.

**NEW APPEAL STATUS**

There were no new appeals filed within the last thirty days.

**REVISED CERTIFICATE OF NEED APPLICATION - DISCUSSION**

Dr. Shackelford made a motion to approve revised Certificate of Need Application. Mr. Atchley seconded motion.

AYE: Ali, Atchley, Koella, Shackelford, Weaver, Caldwell

NAY: None

## **CURRENT REPORTS**

### **Statistical Reports**

The reports were accepted into the record.

### **Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

### **Minutes**

The minutes of the March 24, 2004, meeting were accepted by unanimous voice vote.

## **ADJOURNMENT**

There being no further business, the meeting was adjourned.

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Melanie M. Hill, Executive Director

MMH/cmf